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UNCLAS SECTION 01 OF 02 BELGRADE 000168

SIPDIS

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SUBJECT: PROGRESS NOTED IN FAA TECHNICAL REVIEW

REF: BELGRADE 1803

#### SUMMARY

1. A Federal Aviation Administration (FAA) team completed its technical review of the Serbia and Montenegro Civil Aviation Directorate (CAD) on January 27 in Belgrade. The review results found significant progress in all areas of the CAD's oversight capabilities since the last technical review in October 2003. The most important recommendation is approval of identical civil aviation laws in both Serbia and Montenegro (SAM) that give the Director General full authority to regulate civil aviation. The review results give the CAD a road map in preparation for an International Aviation Safety Assessment (IASA) audit and also provide a basis for offering technical assistance through a USTDA grant. END SUMMARY.

#### SIGNIFICANT PROGRESS SINCE OCTOBER 2003

2. From January 23 through January 27, 2006, a team from the FAA conducted a technical review of the CAD in Belgrade. The purpose of the visit was to identify progress on the October 2003 recommendations and benchmark the CAD's compliance with the International Aviation Safety Assessment (IASA) checklist. Serbia and Montenegro currently is in Category 2, meaning the FAA assessed the CAD in the past and determined that it does not provide safety oversight of its air carrier operators in accordance with the minimum safety oversight standards established by the International Civil Aviation Organization (ICAO). As a consequence, carriers from SAM are not permitted to commence service to the United States while in Category 2 status, although they may conduct services if operated using aircraft wet-leased from a duly authorized and properly supervised U.S. carrier or a foreign air carrier from a Category 1 country that is authorized to serve the United States with its own aircraft.

3. The team noted in their debriefing with CAD authorities on January 26 that significant progress in all areas had been made since the October 2003 review. One of the team's main recommendations was completion of a new aviation law that would be identical in both republics. Since the FAA visit in 2003, this new draft law has progressed and is expected to be in Parliament by April 2006. However, there are currently two drafts of the law, one for each republic, since each republic must separately enact the aviation law. However, these drafts are not identical, and if approved, serious problems could arise since the CAD would operate according to two laws with different provisions.

4. The draft laws also require important revisions to ensure that the Director General has full authority to prescribe regulations, issue orders and carry out necessary functions in order to provide effective safety oversight in accordance with minimum international standards. If these changes are not made to the existing draft law, FAA officials say, it will not meet minimum international standards. The CAD officials agreed with the team on these recommendations and are working to make the necessary changes.

5. Other areas needing improvement are listed below, but the FAA team noted that most of these recommendations would be relatively easy to implement.

#### SPECIFIC OPERATING REGULATIONS

-- Continue the final work to promulgate the rest of the Joint Aviation Regulations (JARs), including development of the bylaws or cover sheets to incorporate the JARs under the new aviation law once it enters into force.

-- Ensure that CAD personnel are adequately trained on the JARs, and the new aviation law, once it is enacted.

#### CAA STRUCTURE AND SAFETY OVERSIGHT FUNCTIONS

-- Ensure each specialty (technical personnel) in the CAD documents its hiring standards.

-- Review and document compliance with the appropriate standard for each newly hired technical employee and ensure that they have industry experience commensurate with the industry they will oversee.

#### TECHNICAL GUIDANCE

-- Develop guidance material for all medical functions.

-- Develop guidance material for all Aircraft Engineering Department (AED) functions. (This should be developed prior to addition of these functions to CAD.)

-- Technical guidance must be developed for the medical department documenting the processes either electronically or by a policy and procedures manual. The department must establish a file to include examiner's training records.

#### QUALIFIED TECHNICAL PERSONNEL

-- Implement, and document a comprehensive OJT training program, for all technical personnel to include aircraft engineering, operations, airworthiness, cabin safety, and avionics inspectors; licensing; and medical personnel.

-- Implement, and document a program to insure that the inspectors are as current and qualified at the same level as the personnel they oversee.

#### LICENSING AND CERTIFICATION OBLIGATIONS

-- Develop, implement, and document a training program for designated medical examiners.

-- Develop, implement, and document a surveillance program to oversee designated examiners by appropriately qualified inspectors.

#### RESOLUTION OF SAFETY ISSUES

-- Ensure the new law and regulations include appropriate enforcement provisions.

-- Ensure CAD inspectors have adequate guidance materials to prepare enforcement actions and that they are properly trained in the new penalty requirements.

#### OPEN SKIES AGREEMENT IMMINENT?

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[16.](#) During the technical review, econoff asked Deputy Director General Dragoljub Trgovcevic for an update of the Open Skies Agreement. Trgovcevic said that he believed that approval of the draft text by the Council of Ministers is imminent, stating that Montenegro had already approved the draft and Serbia most likely would approve it in the next two weeks. Once the draft text is approved by the full Council, the agreement will be ready for signing and then ratification in the Parliament. We expect this text to include the minor language changes already agreed to in talks between the Embassy and the directorate last year.

#### NEXT STEPS

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[17.](#) The recommendations from the technical review provide the CAD with a road map of what remains to be done in order to complete a successful IASA audit that would move Serbia and Montenegro to Category 1. In addition, funds remain from a US Trade and Development Agency grant that can be provided to the CAD for developing its oversight capacity. There is approximately a remaining USD 60,000 that must be spent by the end of FY 2006. Based on the recommendations of the FAA team, technical assistance and training opportunities can be targeted at areas in need of improvement. Post will work with the FAA and the CAD to ensure that these funds are used to strengthen the CAD's oversight capacity as it prepares for an FAA IASA assessment.

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